



# CITY OF LODI COUNCIL COMMUNICATION

**AGENDA TITLE:** Adopt Resolution Setting Late Fees for Delinquent Utility Bills

**MEETING DATE:** March 21, 2012

**PREPARED BY:** Deputy City Manager

**RECOMMENDED ACTION:** Adopt resolution setting late fees for delinquent utility bills.

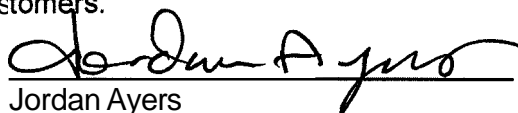
**BACKGROUND INFORMATION:** Earlier this year, Council approved changes in the utility billing ordinance and was advised that a \$10 late fee would attach to delinquent accounts on the 27<sup>th</sup> day after billing, a \$15 late fee would attach to delinquent accounts on the 37<sup>th</sup> day after billing and a \$25 late fee would attach to delinquent accounts on the 47<sup>th</sup> day after billing and each month thereafter. Staff advised Council that this timeline was not in accordance with our current resolutions regarding late fees and that staff would bring back a resolution to conform the billing practices and resolutions. The recommended resolution conforms the timing of attaching late fees to accounts to the practices approved by Council in the latest timeline.

Late fee amounts have not changed since 2003 and staff is not recommending that the amounts be changed at this time. Revenues generated from late fees were about \$881,000 in Fiscal Year 2010/11 and are projected to be a little above \$900,000 for Fiscal Year 2011/12.

During Fiscal Year 2010/11, the City issued about 6,325 utility bills each month (75,900 annually) that contained some form of late charge. This represents about 25 percent of the monthly utility bills. While the calculation and issuance of utility bills is automated, bills with late charges generate a significant number of calls to customer service staff. Additionally, the separate late notices that are mailed to these 6,325 customers each month represent an additional expense of about \$50,000 annually to the City and also generate a significant number of calls. These calls are generally for explanation of the charges, requests regarding waiving or rescinding late charges and for making terms to pay the delinquent bills to avoid further late charges or account shut-off. Assuming that 40 percent of the delinquent accounts contact Finance staff each month, it is estimated that annual costs for responding to these calls ranges between \$645,000 and \$1.2 million, depending upon the average duration of the calls.

**FISCAL IMPACT:** Late charge revenue is about \$900,000 per year. It is anticipated that the recent changes to the utility billing timeline will reduce this revenue stream, but the total impact cannot be reasonably estimated at this time.

**FUNDING AVAILABLE:** Late charge revenue of close to \$900,000 annually supports the City activities in assessing, noticing, collecting and explaining late charges to our customers.

  
Jordan Ayers  
Deputy City Manager

APPROVED:

  
Konrad Bartlam, Manager

RESOLUTION NO. 2012-27

A RESOLUTION OF THE LODI CITY COUNCIL  
SETTING LATE FEES FOR DELINQUENT  
UTILITY BILLS

WHEREAS, Lodi Municipal Code Section 13.04.030 (D) states that the City Council shall from time to time set late charges for delinquent utility bills; and

WHEREAS, the City Council last acted on setting late fees on delinquent utility bills in July 2003; and

WHEREAS, the City Council adopted changes to Chapter 13.04 of the Lodi Municipal Code in February 2012; and

WHEREAS, the City Council determines that it is necessary to adopt a resolution setting the late fees and the timing of attaching said late fees to delinquent utility accounts.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Lodi does hereby set the following late fees and the dates upon which said late fees attach to delinquent utility accounts:

Late Fee Amount	Date Fee Attaches to Delinquent Account
\$10	27 calendar days after bill issued
\$15	37 calendar days after bill issued
\$25	47 calendar days after bill issued and every month thereafter

Dated: March 21, 2012


I hereby certify that Resolution No. 2012-27 was passed and adopted by the City Council of the City of Lodi in a regular meeting held March 21, 2012, by the following votes:

AYES: COUNCIL MEMBERS – Hansen, Johnson, and Katzakian

NOES: COUNCIL MEMBERS – Nakanishi and Mayor Mounce

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – None

  
JENNIFER ROBISON  
Assistant City Clerk